



**US Agency for International Development (USAID)  
Bosnia and Herzegovina  
Initial Environmental Examination (IEE)**

**Program/Project/Activity Data**

Activity/Project Name:		<b>Local Government Assistance Activity (LGAA)</b>	
Assistance Objective:		DO 1: Accountability of Government to Citizens Strengthened	
Program Area:		IR 1.2.: Governance effectiveness in targeted areas strengthened	
Country(ies) and/or Operating Unit:		USAID/Bosnia and Herzegovina	
Originating Office:		USAID/Bosnia and Herzegovina	Date: 04/08/2022
<input checked="" type="checkbox"/> Original IEE/RCE		Original IEE LOP Start Date: October 1, 2022	
<input type="checkbox"/> IEE/RCE Amendment		New Funding: \$13,600,000	
IEE/RCE History	DCN	LOP End Date	Total Funding (\$)
Original IEE/RCE	<b>2022-BOS-001</b>	FY 2027	\$13,600,000
Contract/Award Number (if known):			
<b>Recommended Environmental Determination (s):</b>			
<input type="checkbox"/> Categorical Exclusion		<input type="checkbox"/> Positive Determination	
<input type="checkbox"/> Negative Determination		<input checked="" type="checkbox"/> Deferral	
<b>Additional Elements:</b>			
<input checked="" type="checkbox"/> Conditions		<input type="checkbox"/> Government to Government	
<input checked="" type="checkbox"/> No Conditions		<input type="checkbox"/> Public International Organization (PIO) environmental and social policies and procedures applicable	
<input type="checkbox"/> Local Procurement		<input checked="" type="checkbox"/> Sustainability Analysis (included)	
<input type="checkbox"/> Donor Co-Funded		<input type="checkbox"/> Climate Change Vulnerability Analysis (included) Climate Change Vulnerability Rating: Deferred	

## **1. Background and Project Description**

### **1.1 Purpose and Scope of IEE**

1.1.1 The purpose of this IEE is to request a Deferral of a Threshold Decision applicable to activities proposed under the USAID Local Government Assistance Activity. No obligation of funds will occur until all pre-obligation requirements are met and a Threshold Decision has been made.

#### **1.1.2 Timing and Approach for Completion of the Environmental Review**

Per §216.3(a)(1), the IEE will be completed prior to issuance of the award, but not later than September 30, 2022.

#### **1.1.3 Irreversible Commitment of Funds**

This deferral will be cleared with the cognizant Bureau Environmental Officer (BEO) prior to making a decision to proceed with funding of activities.

The Office of Acquisitions and Assistance (OAA) will not authorize disbursement of USAID funds for any activities which have not received a Categorical Exclusion or received a Threshold Determination stemming from an Initial Environmental Examination approved by the cognizant BEO.

## 1.2 Project Description

The Local Government Assistance Activity (LGAA) in Bosnia and Herzegovina aims to strengthen the capacity of municipalities to ensure that they respond to their constituents' needs. Through this activity, local governments will improve the effectiveness and efficiency of the services they provide. In return, citizens will more productively engage their government and hold it accountable. The activity will ensure that municipalities govern responsibly with a focus on the successful operations of local government itself and on services that generally lie within the autonomy of municipalities. This activity will be implemented through a five-year, \$13.6 million contract.

**Objective 1:** Municipal performance for providing transparent, accountable, and quality public service delivery in response to citizens and business demands strengthened

**Objective 2:** Sustainable development initiatives utilizing partnerships between local governments, the private sector, and civil society strengthened

**Objective 3:** Citizens and businesses empowered to hold municipal officials accountable

## 2. Baseline Environmental Information

### 2.1 Locations Affected and Environmental Context

Activities under LGAA will cover the whole territory of Bosnia and Herzegovina.

### 2.2 Description of Applicable Environmental and Natural Resource Legal Requirements Policies, Laws, and Regulations

BiH has a State level government, which is administratively subdivided into two entity governments: the Federation of Bosnia and Herzegovina (FBiH) and Republika Srpska (RS). The FBiH is further subdivided into 10 cantons. Municipal level is the lowest form of government. In addition to the entities, which are divided into municipalities, there is also the Brcko District.

There are no institutions at the State level that are entirely dedicated to either environmental protection or agricultural development. In other words, there is no State level Ministry for the Environment or Agriculture, neither there is a Law on environment at the State level. As per the Constitution, Entity level governments regulate environmental issues through their laws, regulations and standards.

However, Ministry for Foreign Trade and Economic Relations (MoFTER) has been delegated to manage certain environmental and agricultural issues at the State level in the absence of dedicated State level Ministries as per the Law on Ministries and other bodies of administration of BiH (Official Gazette of BiH, No. 5/03) enacted in March 2003. MoFTER is responsible to define and coordinate activities between the Entity authorities and institutions at the international level, in the field of environmental protection, agriculture, energy and natural resources and administer enforcement of relevant laws and other regulations.

In order to improve and standardize environmental legislation, both entities drafted a set of 6 environmental laws that are largely in accordance with EU acquis:

- The Framework Law on Environmental Protection;
- The Law on Air Protection;
- The Law on Water Protection;
- The Law on Waste Management;

- The Law on Nature Protection, and
- The Law on the Fund for Environmental Protection

These laws represent a framework for the legal protection of the environment, setting forth basic principles of the protection, defining basic notions and terms, as well as authorities responsible for policy implementation. They also lay down basic rules for drafting specific measures in the function of environmental protection policy implementation, as well as that of environment conservation and improvement.

### 2.3 Environmental Capacity Analysis

**Federation BiH:** Environmental management in the Federation BiH is uneconomical and unsustainable. The main reason for this serious lack of coordination, disorientation, and duplication between the different levels of administration responsible for environmental issues lies in the fact that institutionalized mechanisms and channels for exchange of information virtually do not exist. In addition to the relevant ministries involved in the environment and biodiversity, the Federation has quite an impressive number of specialist institutions that provide expert consulting, inspection and monitoring, and/or services that protect citizens, property and the environment/biodiversity from natural disasters. These institutes and agencies work under relevant ministries or report directly to the government. While the structure and number of institutions is rather impressive, the lack of inter-ministry coordination on all levels, as well as weak information exchange, are serious issues that impede and obstruct efficient environment/biodiversity management. Additionally, inadequate experience in environmental management of ministerial staff often results in serious gaps between the legal requirements and actual implementation

The environmental protection legal framework in FBiH consists of five laws that were developed and adopted in 2003 at the entity level:

- Law on Environmental Protection;
- Law on Nature Protection;
- Law on Waste Management;
- Law on Air Protection; and
- Law on Environmental Protection Fund.

Adoption of these laws was a crucial step towards harmonizing BiH legislation with the EU. Although, FBiH adopted several of the sub-laws that harmonized many aspects of environmental protection with the EU legislation, the process of harmonization is far from finished. The process of harmonization must continue in order for FBiH to meet all EU directives related to regulating the environment. The main impediments to harmonization are the lack of a vision and the lack of a strategy for improving the efficiency of the harmonization processes.

Furthermore, harmonization of legislation is required within the legal structure in the entity and cantonal governments. The environmental laws adopted in 2003 were at the entity level, and some cantons have never adopted cantonal laws. In addition, some cantonal laws were adopted prior to the year 2003; so many provisions in these laws are inconsistent with the 2003 entity environmental laws.

**The Republika Srpska (RS):** The institutional framework for environment in the RS is simpler than the one in FBiH. There are only two levels of administration in the RS: entity and local. Similarly to FBiH, there are public enterprises tasked with specific consulting, monitoring or other services related to the environment.

At the entity level, the Ministry for Spatial Planning, Construction, and Ecology is responsible for all issues related to the environment. This Ministry is responsible for drafting and adopting laws, implementing laws relevant to environmental protection, recommending areas to be protected, and monitoring and supervising work of local/municipal administrations. Within this ministry, there is a specialized department that handles environmental issues. Some responsibilities at the entity level related to the environment are also delegated to the Ministry of Agriculture, Forestry

and Water Works; the Ministry of Education; and the Ministry of Trade and Tourism. The roles and responsibilities of each of these ministries have been defined by the Law on Ministries (2002). This same law provides for the role of the Public Institute for Protection of Cultural, Historical and Natural Heritage of Republika Srpska. This institution is tasked with all works related to protected areas, including updating the register of protected areas. They also provide expert and consulting services related to protection of the RS. In its work, the institute cooperates with other public institutions in the RS, such as faculties, museums, etc. In addition, and similarly to FBiH, there are public enterprises that manage natural parks. In the RS, there are two such institutions that are responsible for the national nature parks, Sutjeska and Kozara. Also, there is a public enterprise “Srpske Sume” that is responsible for overall management of all forests in the RS.

The most significant legislative reform related to the environment in the RS was the adoption of a set of entity laws on the environment. Furthermore, and similarly to FBiH, there are other pieces of legislation that regulate certain aspects of the environment that were adopted in the RS. These include the following:

- Law on Forests (2003);
- Law on Hunting (2002);
- Law on National Parks (2005);
- Law on Waters (2006);
- Law on Agricultural Lands (2006);
- Law on Fishing (2002);
- Law on Communal Police (2003);
- Law on Fees for Utilizing Natural Resources for Energy Generation (2003); and
- Law on Environmental Fund (2002).

The Republika Srpska is facing some of the same issues as FBiH, including the requirement for full harmonization of its legislation with EU regulations. As previously stated, in order to harmonize its legislation with the EU, the BiH government started revising existing laws in 2006. This project was financed by the EC with the ultimate goal of monitoring the level of harmonization with EU regulations.

## 2.4 Sustainability Analysis

To increase the likelihood of sustainability, the activity will support the local system in the contexts in which it works. Local system refers to those interconnected sets of actors—government, civil society, the private sector, individual citizens—that jointly produce a particular development outcome. Also, this activity has built in cost-share mechanisms for all of its material assistance components. (For example, if the contractor recommends purchase of computers/networking/limited construction for a “one-stop shop” in a given municipality, these funds can be leveraged to implement recommendations quickly). Funds should be leveraged by requiring municipal government cost share on an average of 20% (on a case-by-case basis). Additionally, the contractor will support co-financing activities for projects that provide broader assistance to the communities and that can be used to facilitate rapid completion of priorities developed by citizen groups or businesses in conjunction with the municipality. However, depending on the capacities of each municipality the Contractor may have to work directly with them to secure an initial financial commitment and leverage additional funding from the private sector and diaspora connections, that covers at least 30-40% of a planned community development project. The proposed project must be supported and sustained locally by local funding streams beyond USAID assistance.

## 2.5 Climate Change Vulnerability Analysis

At this time there is insufficient information to adequately undertake the Climate Risk Management (CRM) screening. The CRM will be completed and incorporated into the IEE when the activities are defined and the environmental determinations are made.

### 3. Environmental Impacts and Recommended Mitigation Measures

Analysis of Potential Environmental Impacts and Recommended Mitigation Measures will be completed when activities are defined which will enable a recommended environmental determination to be made. At that time, USAID shall amend the IEE for the subject program.

### 4. Terms and Conditions of This Deferral

4.1 USAID/BiH will ensure the required environmental review (IEE or EA) is completed in the timeframe designated herein.

4.2 If the required environmental review cannot be completed in the designated timeframe, an amendment will be prepared and approved with justification and with a revised timeframe.

4.3 USAID/BiH will ensure that appropriate language to carry out the requirements of this deferral is incorporated into relevant award documents, including requirements relating to development of the IEE or EA. Relevant award language shall ensure that implementation plans will be modified in accordance with the environmental review.

4.4 USAID/BiH will (i) ensure an irreversible commitment of resources will be avoided until the environmental review is completed, and (ii) ensure appropriate environmental reviews are completed for incremental funding actions as subprojects/sub activities or aspects of projects/activities are identified.

4.5 The CRM will be completed and incorporated into the IEE or EA.

4.6 USAID/BiH will clear this deferral with the cognizant BEO as part of the IEE or EA as required by this document. Deferrals may be cleared for aspects of projects/activities, such as clearing one task order under an IDIQ, while the deferral remains in place for further task orders.

**4. Environmental Threshold Decision Clearances:****Approval:**



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 Courtney Chubb, Mission Director




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 Date

**ROBERT RUDY LOPEZ** Digitally signed by ROBERT RUDY LOPEZ  
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 Robert Lopez, Deputy Mission Director

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 Date

**Marinko Sakic**

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 Marinko Sakic, Activity Manager/AOR/COR

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 Date

**Anela Semic** Digitally signed by Anela Semic  
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 Anela Semic, Mission Environmental Officer

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 Date
**Concurrence:**

**POOJAN BHASKER**  
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 Poojan Tripathi, Bureau Environmental Officer  
USAID Europe and Eurasia Bureau

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 Date
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